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# NOW YOU CAN PICK YOUR OWN ELECTRICITY RETAILER

STARTING MARCH 2000



Ontario



## **IT'S YOUR CHOICE!**

Soon you'll be able to pick your own electricity retailer.

Starting in March 2000, you will have the opportunity to contract with any licensed electricity retailer from among a number of companies competing to sell you power when the competitive market for electricity opens later in 2000.

Naturally, if you want to continue with your current supplier (your local utility), you may. You don't have to switch. Either way, what won't change is the safety and reliability of Ontario's electricity system.

And to protect you, all electricity retailers will be licensed by an independent regulator, the Ontario Energy Board (OEB), and be required to adhere to codes of conduct.

This brochure explains how the new system will work, why things have changed, and how to use your new power of choice.

## **HOW THE NEW SYSTEM WORKS**

With competition, you'll be seeing a lot of changes in the electrical power system. But many important things won't be changing. Here's a quick overview:

### **Things That Are Changing**

- **Retailers** – Instead of a monopoly, there will be competition with new retailing companies offering to supply you with power.

- Ontario Hydro – The utility has been split up and new successor companies created, including one whose main function is to generate electricity – Ontario Power Generation (OPG) which will operate the power plants of the former Ontario Hydro – and one to transmit and distribute electricity called Ontario Hydro Services Company (OHSC).
- Utilities – Many municipal electrical utilities, as well as OHSC are forming commercial companies to compete to sell electricity in the new marketplace.

## **Things That Aren't Changing**

- How Electricity Gets to Your House – Transmission and distribution of electricity will continue to be provided by regulated transmission and distribution utilities as in the past and will use the same wires to get electricity to your home. It's just like long distance phone services – the wiring doesn't change.
- Strict Safety Standards – Another of Ontario Hydro's successor companies, the Electrical Safety Authority, approves the safety standards for wiring installations, equipment and appliance certification. New generating companies will be required to meet the current operational and safety standards to be compatible with the existing transmission and distribution system.



- A Reliable Supply of Power – A new, non-profit corporation called the Independent Electricity Market Operator (IMO) has been created to keep our electrical services reliable. The IMO will run the electricity exchange for the sales and purchasing of power and will arrange for generating stations to supply power to distribution utilities which will then ensure that electricity gets to your home or place of business.

## **WHY CHANGE THE SYSTEM?**

For nearly a century, Ontario Hydro and Ontario's local municipal electric utilities supplied us with safe and reliable electricity. But a number of factors necessitated a move away from a monopoly system.

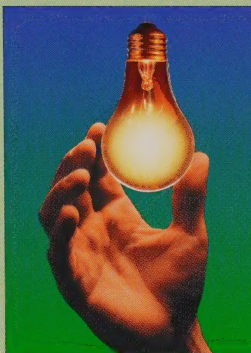
During the past two decades, Ontario Hydro saw its debt rise to more than \$30 billion.

Technological advancements mean that there is no longer a technical reason for a monopoly – the capital costs of power generation have declined, allowing more companies to enter the electricity business.

Other jurisdictions in North America are moving rapidly to competitive electricity systems because they know competition introduces cost discipline, encourages efficiency, technological innovation, better service and value for customers. Ontario must keep pace with these changes.



The best way to ensure Ontario enjoys reliable and affordable electricity while building on the strengths of the existing system is to introduce a competitive market. Market discipline will direct future decisions regarding investments in electricity supply. The Ontario Government will no longer guarantee any new debt of Ontario Hydro's successor companies, requiring them to act as responsible commercial companies and justify decisions on firm business grounds.



## **KEEPING YOU PROTECTED**

While giving you the power of choice in the electricity market, the government has been careful to lay down rules to protect consumers:

- Electricity retailers are subject to all of the provisions of the Consumer Protection Act.
- All electricity retailers must be licensed by the Ontario Energy Board (OEB) and obey a strict code of conduct.
- If a retailer fails to fulfill its contractual obligation, you will still be supplied with power by your local utility at its standard rate.

- The OEB will have new powers to protect consumers, including the ability to investigate suppliers, revoke or suspend licences and shut down retailers who operate illegally.
- While these measures will protect you, be sure you understand and agree with a contract before signing it and ask for a copy. For small volume consumers (a customer consuming less than 150,000 kilowatt-hours of electricity annually – a typical household would use about 12,000 kilowatt-hours annually), any contract signed with an unlicensed retailer is not valid unless you choose to reconfirm it in writing.

## **UNDERSTANDING YOUR ELECTRICITY BILL**

Your electricity rate is made up of three key parts: electricity supply, transmission, and distribution.

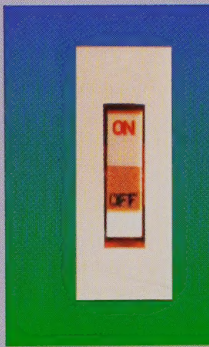
You pay for the actual energy commodity itself -- the electricity supply. You also pay for transmission -- the moving of high voltage electricity from where it's generated to a local distribution utility. And you pay for distribution whereby high voltage electricity is reduced to a lower voltage at transformer stations and distributed along a network of local wires to your home or business.

Starting in November 2000, Ontario's electricity customers will have the choice of purchasing the electricity supply from a competitive electricity retailer. Here is how it will work:



## COMPETITIVE COSTS

- Competition and customer choice will apply only to the electricity supply component of your electricity bill.
- Electricity retailers will compete for your business, offering you different prices and the opportunity for savings on the part of your bill related to the electricity supply.
- For an average residential customer, the electricity supply accounts for about half of the total bill. Customer choice means that through informed decisions and comparison shopping of competing retail offers, you can directly influence a major portion of your household electricity bill.



## REGULATED CHARGES

- The Ontario Energy Board will carefully regulate transmission and distribution charges. These services will not be subject to competition.
- There are costs related to the debt accumulated by the former Ontario Hydro under the old monopoly system when Hydro was responsible for building generating plants and supplying power. The electricity bill that you have received



in the past has included charges related to paying off this debt. The Ontario Government will put in place a plan to ensure electricity customers pay down Hydro's accumulated debt in a fair and reasonable manner.

Upon market opening in November, your electricity costs will reflect these competitive and regulated charges, as well as any additional products or services you buy from your supplier.

Your bill will provide more detailed information than before. You will get a more itemised listing of charges, broken down to show where your electricity dollar goes. It will better explain the components of your electricity service and help you compare the electricity supply prices of competing retailers.

## **CHOOSING TO HELP THE ENVIRONMENT**

The Ontario government is protecting the environment through strict rules that will apply to all generators in Ontario and out-of-province generators selling electricity in Ontario.

You can expect some companies to offer electricity from environmentally-friendly power sources. Retailers who make such offers will have to show you the mix of energy sources they'll use to generate the power and how this compares to the province-wide average. This information will help you to compare and select retail offers.

Even though power generation contributes less to air pollution than major sources such as emissions from cars and industry, your choice can make a difference.

## **IT'S YOUR MONEY AND YOUR CHOICE**

You're still going to get your power. If you choose a new retailer, you'll be required to sign a contract. These contracts will take effect when the market opens later in 2000 and will be a legally binding agreement. Before signing, ask questions, like:

- Does the retailer have a licence from the Ontario Energy Board and can they provide proof?
- What is the duration of the contract? What are your and the retailer's obligations under the contract?  
Do you have to pay a fee to switch?
- What is the mix of energy generation sources the retailer will use? Are environmentally-friendly sources available and what will these cost?
- What is the price of electricity being offered? Will that price change in future? If you're offered savings from current prices, how and when are savings calculated and paid out? What will be the overall impact on the electricity bill?



- Is the retailer offering other service options such as equipment rentals and what will they cost?
- How can you get out of the contract? Are there any charges involved?



- How does the company's offer compare with your current supplier's service options?
- Can your contract be transferred to another retailer? Are there any penalties involved?
- What happens if a retailer is unable to fulfill its contractual obligation?

Small volume customers (residential customers and many small businesses), who sign a contract, have a 10-day cooling off period. During that time, you can change your mind and cancel without penalty.

## YOU DON'T HAVE TO SWITCH

You don't have to switch companies. If you don't switch, you will continue to receive electricity from your local utility. Customers who don't switch will pay a price approved by the OEB based on an annual forecast of competitive market prices; at year end, the difference between the forecast and actual market price will be calculated and appropriate adjustments made.\*

But, it's in your best interests to consider the alternatives, check out the price and service options and make an informed decision. After all, it's your electricity and, now, it's your choice.

\* This is different for small and large volume consumers. A large volume consumer's bill will be based on the spot market price for electricity. Small volume consumers will be cushioned from price fluctuations in the spot market. These small volume customers would include almost every Ontario household and many small businesses, especially businesses like professional offices, small stores and restaurants.



So, if you have any questions or want more information, simply call our toll-free number.

**1-888-668-4636**

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or e-mail: [fyi@est.gov.on.ca](mailto:fyi@est.gov.on.ca)

**It's Your Electricity  
Now It's Your Choice**



**Ontario**